



The President's Daily Brief

10 October 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

There is bitter fighting on the Golan Heights and in Sinai, and no sign that hostilities might end soon. Instead, Arab rulers not yet directly involved in the fighting are sending arms and men or are making plans to do so. (Page 1)

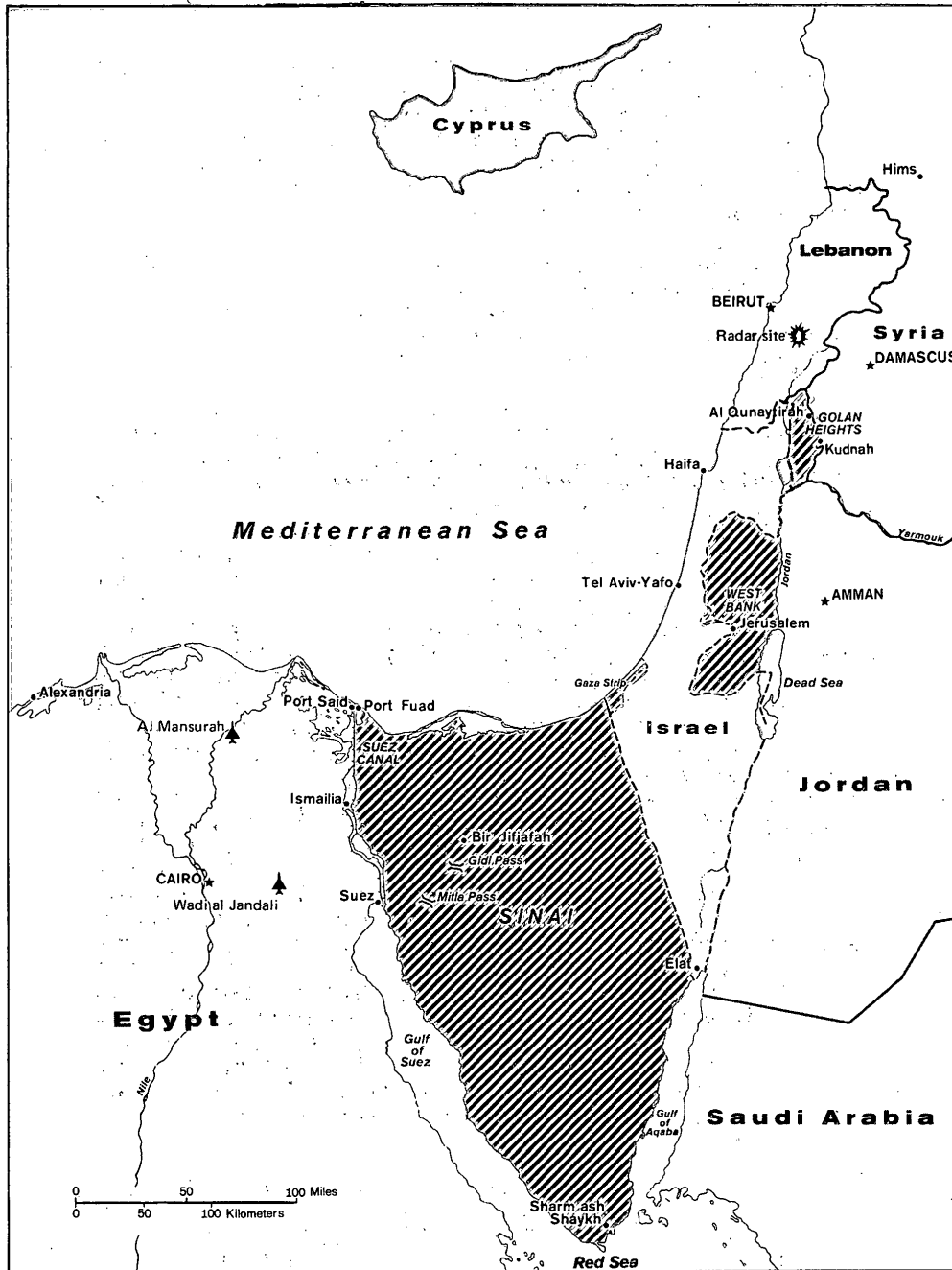
Despite extravagant Soviet claims, livestock production in the USSR is down since last year. (Page 3)

Although Zaire's President Mobutu likes to pose as a leader of the so-called "nonaligned," he wishes to remain on good terms with the US. (Page 4)

It appears almost certain that a serious rice shortage will develop in South Vietnam, perhaps by next month, and last until late January. (Page 5)

Reconstruction of North Vietnam's economy is proceeding slowly, with most assistance coming from Communist governments. (Page 6)

FOR THE PRESIDENT ONLY



554675 10-73

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ARAB STATES - ISRAEL

The Israelis have finally admitted giving up the Bar Lev defense line along the Suez Canal and have regrouped in the Sinai. They have not been able to prevent the Egyptians from rebuilding bridges across the canal and thus have failed to halt the resupply and reinforcement of the Egyptian force on the east bank.

Long after dark, hard fighting continued on the Golan Heights, centering on a seesaw battle for the town of Qunaytirah. The Israelis now appear to control the air over the Heights, and with air cover have stabilized their positions along lines roughly paralleling the pre-October cease-fire line.

After four days of fighting, total Israeli losses exceed 80 aircraft, 600 tanks, and 1,000 men. The Arabs have lost 140 aircraft, 650 tanks, and 6,000 to 7,000 men.

Israeli planes ranged far beyond the battlefields yesterday, bombing Port Said and at least two airfields in Egypt. Syria's capital, Damascus, was bombed for the first time, as the Israelis struck at the Air Force Headquarters, the Defense Ministry, and Army Headquarters. In the process, the Soviet Cultural Center was hit, giving rise to erroneous press reports of substantial Soviet casualties. In fact, it appears that no Soviet citizen was hurt in the raid. Other planes hit a Syrian oil refinery at Hims.

As prospects for a lengthy war increase, the Israeli Government is beginning to feel the sting of public criticism for failing to launch a pre-emptive attack and for failing to mobilize earlier than it had. When the public learns of the extent of Israel's losses in men and materiel, pressure for attacks deep into Syria and Egypt might grow.

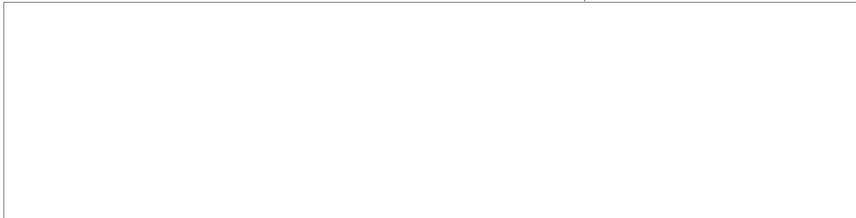
The US Embassy in Tel Aviv has reported that Finance Minister Sapir yesterday told a government committee that the war has already cost a billion dollars. New taxes have been levied and the government is now attempting to prepare the people for a long struggle.

Most of the Arab states are contributing troops or planes to Egypt and Syria or are considering giving such support. Contributions such as these are not of great military importance but signify a growing--if perhaps temporary--unity among the Arabs. As a result, both Jordan's King Husayn and President Franjiah of Lebanon are under increasing pressures to enter the war.

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King Husayn last night pleaded again with the US ambassador that the US work in the UN Security Council for a simple, unconditional cease-fire. Husayn believes that only a cease-fire can keep Jordan out of the fighting. He is especially fearful that continued hostilities will prompt Saudi Arabia to enter the fray, and should Jordan remain an observer, lead King Faysal to end his critically important financial and diplomatic support for Jordan.

The US Embassy in Beirut believes that Israel's bombing of an inoperative Lebanese radar site yesterday has hurt the government's efforts to stay out of the war and has removed any Lebanese incentive to restrain fedayeen guerrillas who have moved into the area near Israel's border.

The Arab press has begun to criticize the US, both for its stand at the UN and for the alleged "menacing deployment of the Sixth Fleet." According to press reports, Kuwait has called for an immediate meeting of Arab petroleum ministers to discuss how oil might be used as a weapon in the current conflict. Palestinian media, but no Arab governments, have called on the Arab states to halt the flow of oil to the West.

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USSR

Soviet Agriculture Minister Polyansky told Assistant Secretary Brunthaver on October 3 that Soviet livestock products this year will reach the level originally intended under the five year plan. Last December, feed supply shortages caused by last year's poor harvest forced the Soviets to lower the 1973 goals for livestock products.

Polyansky's prognosis seems too optimistic. Meat production, in particular, is running below last year, and US Embassy officers recently found meat unusually scarce in various parts of the USSR. There may be some modest improvement soon, however. A livestock count in July showed some expansion in herds on state and collective farms despite the tight feed situation. Per capita meat consumption has gone up 10 percent in the past five years; it is about 40 percent of that in the US.

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ZAIRE

President Mobutu is a more self-assured leader than when he last visited Washington three years ago. His eight years in power have in fact given Zaire a degree of political stability and economic prosperity that stands in sharp contrast to the years of chaos that followed Congo's independence in 1960.

As Mobutu's confidence has grown, so have his pretensions to leadership in Africa. In pursuing these ambitions, Mobutu has for example:

--become a more active participant in the affairs of the Organization of African Unity;

--recognized the new "government" of Guinea-Bissau declared by rebels in Portuguese Guinea;

--quietly increased assistance to nationalist organizations fighting the Portuguese in Angola and Mozambique.

Mobutu remains troubled, however, by the picture many have of him as being overly pro-US. As a result, he has increasingly engaged in posturing on nonaligned issues. His break with Israel last week and earlier recognition of the Sihanouk government reflect his desire to appear more independent.

Yet Mobutu wishes to remain on good terms with the US and would like to see more private investment in Zaire--currently about \$60 million.

This preoccupation with his international image has caused Mobutu to neglect some important social and economic problems, however, which may eventually cause him political problems. In addition, he has yet to come up with a workable alternative to Belgian managerial, technical, and marketing control over Zaire's copper industry, which accounts for 85 percent of the country's income.

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SOUTH VIETNAM

It appears almost certain that a serious shortage of rice will develop, perhaps by next month, and could last until the end of January when the present crop will be harvested. Deliveries from the delta are insufficient, and because of the late US harvest, PL-480 rice shipments from the US probably cannot be made until Christmas at the earliest, instead of late November or early December, as planned. South Vietnam's prospects for obtaining significant imports from other sources over the next few months are slim because of the tight supply in the rest of the world.

According to the US Embassy, the Thieu government is now privately predicting that, except in the delta, rice stocks will run out by mid-December. The government's projection is optimistic, however, because of heavy hoarding and speculation in recent weeks. Unless a means is found to ship more rice from the delta, stocks in the rest of the country could be depleted by the middle of November. Stocks held by some householders would then become the principal food source.

Because of government controls and increased demand, a black market for rice has sprung up in Saigon for the first time in several years. Prices on this market are more than 50 percent above official prices, which in turn are up about 60 percent over the start of the year. On September 22 the government issued ration books to Saigon consumers, limiting a family's monthly purchases at official outlets to 20 kilograms. This is only about one third of average requirements.

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NORTH VIETNAM

Reconstruction of North Vietnam's economy is proceeding slowly. Hanoi is focusing its efforts on restoring its industrial base, with assistance from Communist governments. Thus far, however, only partial operation has been achieved at a number of key installations, and the country's electric power system has only recovered slightly more than half its capacity.

As a result, economic development projects funded by foreign governments are lagging. Until the industrial base is restored, there will also be a shortage of managerial talent and skilled labor that will hamper new projects funded with foreign aid.

While the bulk of future assistance will come from Communist states, prospects for free world economic assistance have improved considerably since Tokyo and Hanoi established diplomatic relations last month. The Japanese Government is considering granting the North \$20 million to "balance" the \$50 million it has already promised South Vietnam. Japan is likely to become North Vietnam's principal non-Communist aid donor. The Japanese are reluctant, however, to undertake major development projects while fighting continues in Indochina

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Meanwhile, Sweden has done some preliminary planning and survey work under terms of a \$70-million aid package granted last June.

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